



**MCI Communications
Corporation**

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Washington, DC 20006

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

September 11, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: **DA 98-1587**
CC Docket No. 96-45; Federal-State Joint Board on Universal Service
CC Docket No. 97-160; Forward-Looking Mechanism for High Cost
Support for Non-Rural LECs

Dear Ms. Salas:

Enclosed herewith for filing are the original and five (5) copies of MCI Telecommunications Corporation's Reply Comments in the above-captioned proceeding.

Please acknowledge receipt by affixing an appropriate notation on the copy of the Comments furnished for such purpose and remit same to the bearer.

Sincerely yours,

Chris Frentrop
Senior Economist
1801 Pennsylvania Ave, NW
Washington, DC 20006
(202) 887-2731

MCI Telecommunications Corporation

Enclosure

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)	DA 98-1587
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Forward-Looking Mechanism)	CC Docket No. 97-160
for High Cost Support for)	
Non-Rural LECs)	

REPLY COMMENTS OF
MCI TELECOMMUNICATIONS CORPORATION

Chris Frentrop
Senior Economist
1801 Pennsylvania Avenue, N.W.
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Non-Rural LECs)	

**REPLY COMMENTS OF
MCI TELECOMMUNICATIONS CORPORATION**

MCI Telecommunications Corporation (MCI) hereby submits its reply comments in the above-captioned proceeding.¹ As evidenced by several commenters, the Hybrid Cost Proxy Model (HCPM) needs further review and validation with actual data for all states before the Commission should adopt it as the model platform. In addition, the model platform should include geocoded data and where geocoded data are not available, place surrogate points in a manner that will not assume an unreasonable amount of customer dispersion.

I. THE HCPM NEEDS FURTHER REVIEW AND VALIDATION BEFORE THE COMMISSION CAN ADOPT IT AS THE PLATFORM

Virtually all parties agree that the HCPM needs further development before

¹ See Common Carrier Bureau Seeks Comment on Model Platform Development, Public Notice, CC Docket Nos. 96-45, 97-160, DA 98-1587, released August 7, 1998 (Public Notice)

the Commission can adopt it. AT&T notes that substantial evidence is needed that the HCPM's approach as implemented will produce reasonable estimates using real world data.² The BCPM Sponsors express concerns that use of the HCPM will not allow the Commission to meet its timetable for implementation of the new universal service fund.³ Both the BCPM Sponsors and GTE note that the HCPM takes a great deal of time to run, and that it needs to be tested against real world data, so that its results can be compared to the results of HAI and BCPM.⁴

MCI stated in its comments that results from the HCPM using real world data from several states was necessary to provide the basis for a reasonable assessment of the model.⁵ The other parties who address the issue agree with this position. While MCI believes that the HCPM may include some worthwhile approaches not currently reflected in the other models, it also continues to believe that further validation and refinement of the HCPM is needed before the Commission can adopt it as the platform for universal service support.

II. USE OF GEOCODED AND SURROGATE CUSTOMER LOCATION DATA IS APPROPRIATE

The Commission sought comment on the use of geocoded data, and on the method(s) that should be used to locate customers for whom no accurate geocode

² AT&T at 2.

³ BellSouth Telecommunications, Inc, U S West, Inc., and Sprint Corporation (collectively, BCPM Sponsors) at A-1.

⁴ Id. at A-15; GTE at 3.

⁵ MCI at 5.

data were available. Both the HCPM and the HAI model use geocoded data where they are available, and place surrogate customer locations when they are not - either along the Census Block (CB) boundary in the case of HAI, or along roads in the case of HCPM.

Some parties urge the Commission not to adopt the use of geocode data unless the geocode success rate is extremely high. The BCPM sponsors, for example, suggest that geocode data should not be used unless the success rate is at least 85 percent,⁶ while GTE states that geocoded data should be used only in those wire centers that have fewer than 20,000 lines.⁷ MCI agrees with the Commission's tentative conclusion that geocoded data should be used wherever it is available. It is always better to have some information than none; if the location of some customers is known, it will be better to reflect the actual placement of those customers in the model and to use an alternative method to place the remaining customers than it will be to use that alternative method to place all customers. Our experience in developing the HAI Model indicates that there is substantial clustering of customers, even in the rural areas. Failure to use geocode data in these areas will mean that the model does not capture this fact, resulting in the placement of excessive plant.

Similarly, the Commission should not adopt the suggestion of the Maine

⁶ BCPM Sponsors at A-6 to A-7.

⁷ GTE at 8.

Public Utility Commission (Maine PUC) to place surrogate customer locations randomly along roads in the unpopulated (by geocoded customers) area of the CB.⁸ Customers whose locations are not known, and who must therefore be placed using a surrogate methodology, are just as likely to be located near the customers whose locations are known as to be located somewhere else. The Maine PUC's proposal, by placing customers whose locations are not known in a completely different section of the CB from those customers whose location is known, would greatly overstate the need for plant. It is more reasonable to assume, as the HAI model does, that these customers are randomly located around the boundary of the CB.⁹

III. CONCLUSION

Most of the commenters agree with MCI that the HCPM needs further review and validation with real data before the Commission can adopt it as the model platform. MCI looks forward to the release of results from the HCPM so that such

⁸ Maine Public Utility Commission at 3.

⁹ The Commission is considering an alternative placement that would locate these customers randomly along all roads in the CB.

review and validation can occur. In addition, MCI urges the Commission to affirm its tentative conclusion to use geocoded customer location data, and to use a reasonable surrogate method to place other customers.

Respectfully submitted,

MCI Telecommunications Corporation

A handwritten signature in cursive script, reading "Chris Frentrop", written over a horizontal line.

Chris Frentrop

Senior Economist

1801 Pennsylvania Avenue, N.W.

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(202) 887-2731

September 11, 1998

STATEMENT OF VERIFICATION

I have read the foregoing and, to the best of my knowledge, information, and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on September 11, 1998.

A handwritten signature in cursive script, reading "Chris Frentrop", written over a horizontal line.

Chris Frentrop
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CERTIFICATE OF SERVICE

I, Carolyn McTaw, do hereby certify that on this 11th day of September 1998, I caused a copy of the foregoing Reply Comments of MCI Telecommunications Corporation to be served upon each of the parties listed on the attached Service List by U.S. First Class mail, postage prepaid.


Carolyn McTaw

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